

Message Text

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ACTION STR-07

INFO OCT-01 NEA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02
OMB-01 DOE-11 /115 W
-----130737 231441Z /47

P 231318Z FEB 78
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC PRIORITY 1427
USMISSION GENEVA PRIORITY

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E.O. 11652: N/A
TAGS: MTN, ETRD, IS
SUBJECT: MTN OFFERS -ISRAEL

REF: A) TEL AVIV 977 B) 77 STATE 308595; C) 032013;
D) TEL AVIV 2003; E) GENEVA 02188; F) 77 STATE 296517

1. ON FEBRUARY 15 EMBOFF DISCUSSED MTN SITUATION WITH DR.
YAACOV COHEN, DEPUTY DIRECTOR GENERAL FOR FOREIGN TRADE, MINISTRY
OF INDUSTRY, TRADE AND TOURISM AND AMBASSADOR EPHRAIM
HARAN, IN CHARGE OF MTN AND GATT AFFAIRS IN MINISTRY OF
FOREIGN AFFAIRS.

2. HARAN MENTIONED THAT HE HAD RECEIVED REPORT FROM GOI
DELEGATION IN GENEVA REGARDING MEETING WITH US MTN
DELEGATION (REFTEL E). HE WANTED TO CLARIFY GOI POSITION
ON MTN. AS A GENERAL POSITION HE SAID, THERE ARE DIFFERENT TYPES
OF LDCS AND THERE ARE DIFFERENT WAYS OF PARTICIPATING IN
MTN. ISRAEL DID NOT CLAIM IT WAS FREE OF ANY NEED TO
CONTRIBUTE. ISRAEL HAD ALWAYS STATED IT WOULD CONTRIBUTE
TO THE MAXIMUM OF ITS CAPABILITY. ISRAEL FELT THAT
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DURING THE LAST FEW MONTHS IT HAD CONTRIBUTED MORE
THAN MANY OTHER COUNTRIES. AS PART OF ITS NEW ECONOMIC
POLICY (NEP) IT HAD ELIMINATED THE 15 PERCENT IMPORT
SURCHARGE, CUT AD VALOREM DUTIES ACROSS THE BOARD BY
20 PERCENT WITH FEW EXCEPTIONS, AND GENERALLY ELIMINATED
MANY IMPORT RESTRICTIONS AND SIMPLIFIED IMPORT PROCEDURES.
IN THE MEXICO-US AGREEMENT RECENTLY SIGNED (REFTEL F),

MEXICO'S CONTRIBUTION WAS SPECIFICALLY IDENTIFIED AS BEING PART OF THE MTN OFFERS EVEN THOUGH IT WAS NOT BOUND. IN THE SAME WAY, ISRAEL'S RECENT 20 PERCENT DUTY REDUCTION IS ALSO A CONTRIBUTION AS IS THE COMMITMENT MADE ON THE 133 ITEMS LISTED IN THE 1975 UNDERSTANDING WITH THE US ON GSP. THERE IS A PRECEDENT FOR NOT BINDING SUCH REDUCTIONS. BINDING WOULD PRESENT PROBLEMS FOR ISRAEL BECAUSE IT WOULD GIVE THE EC THE OPPORTUNITY TO ASK FOR MORE CONCESSIONS FROM ISRAEL ON THE SCHEDULE OF REDUCTIONS FOR EC EXPORTS TO ISRAEL. HARAN EMPHASIZED THAT ISRAEL WOULD STUDY SERIOUSLY ALL REQUESTS PRESENTED BY THE US IN THE MTN, BUT IT ALSO WANTED TO RECEIVE CREDIT IN THE MTN FOR WHAT IT ALREADY HAD DONE.

3. HARAN ALSO ELABORATED REGARDING THE FOUR POINTS RAISED IN REFTTEL C, WHICH EMBOFF HAD DISCUSSED WITH COHEN ON FEBRUARY 10 (REFTTEL D). HE STATED THAT GSP WAS NON RECIPROCAL. HE COULD NOT, THEREFORE, ACCEPT THE STATEMENT CONTAINED IN PARA 2 (A), REFTTEL C. THE 1975 UNDERSTANDING SHOULD BE CONSIDERED AS PART OF ISRAEL'S MTN CONTRIBUTION. IN FACT, IN THE FIRST PARAGRAPH OF ITS NOTE OF OCTOBER 16, 1975 REGARDING THE UNDERSTANDING BETWEEN THE TWO GOVERNMENTS, IT HAD BEEN SPECIFICALLY STATED (AND ACCEPTED BY THE US) THAT THE 1975 UNDERSTANDING "SHALL NOT ADVERSELY AFFECT ISRAEL'S BARGAINING POSITION VIS-A-VIS THE UNITED STATES IN THE MULTILATERAL TRADE NEGOTIATIONS." THE PRESENT GOI POSITION WAS IN FACT BEING PREJUDICED BY THE U.S. POSITION ON MTN SINCE ISRAEL WOULD BE PUT AT A DISADVANTAGE WITH THE EC IF IT BOUND THE RATES IN THE LIMITED OFFICIAL USE

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1975 UNDERSTANDING.

4. REGARDING POINT 2(C) OF REFTTEL C, ISRAEL WOULD CONSIDER ANY REQUESTS IT RECEIVES FROM THE US, BUT IT WANTED ALSO TO RECEIVE CREDIT FOR ALL THE THINGS ISRAEL HAS CONTRIBUTED AS LISTED PARAGRAPH 2 ABOVE.

5. HARAN ALSO EXPRESSED CONCERN REGARDING STATEMENT FROM ISRAELI GENEVA DELEGATION THAT US MTN DEL HAD STATED THAT USG WOULD SOON MEET WITH ISRAEL TO REVIEW ITS GSP STATUS (PARAGRAPH 4, REFTTEL C). THE USE OF THE WORD "STATUS" WAS TROUBLESOME TO ISRAEL. HE ASSUMED THAT WHAT WAS MEANT WAS THE REVIEW OF THE 1975 UNDERSTANDING.

LEWIS

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